

Message Text

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ACTION EUR-25

INFO OCT-01 CEA-02 CIAE-00 COME-00 EB-11 FRB-02 INR-10

NSAE-00 RSC-01 CIEP-02 SPC-03 STR-08 TRSE-00 LAB-06

SIL-01 OMB-01 ISO-00 AGR-20 L-03 NSC-10 PA-04 PRS-01

USIA-15 DRC-01 NEA-11 /138 W
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TO SECSTATE WASHDC 6307

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS UNN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

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AMEMBASSY PARIS

AMEMBASSY ROME

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PASS AGRICULTURE

E.O.11652: N/A

TAGS: EAGR, EEC, OCON

SUBJECT: JANUARY 21-22 EC COUNCIL (AGRICULTURE) MEETING

REF: A. EC BRUSSELS 0253 B. EC BRUSSELS 0165

1. SUMMARY: THE EC COUNCIL OF MINISTERS (AGRICULTURE) MET IN
BRUSSELS JANUARY 21 AND 22. IT HAD A FIRST EXCHANGE OF VIEWS
ON THE COMMISSION'S 1974/75 CAP PRICE PROPOSALS, DECIDED TO
REINFORCE TEMPORARILY THE BEEF INTERVENTION SYSTEM IN ORDER
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TO ALLEVIATE THE DIFFICULTIES OF FRENCH BEEF PRODUCERS, AND

SET THE AMOUNT FOR THE GATT BOUND LEVY FREE QUOTA FOR FROZEN BEEF. THE COUNCIL ALSO APPROVED A CHANGE IN THE CONVERSION RATE OF THE UNIT OF ACCOUNT INTO ITALIAN LIRE WHICH WILL RESULT IN A RISE IN THE CAP SUPPORT PRICES IN ITALY, AND TOOK A NUMBER OF OTHER DECISIONS. THE NEXT MEETINGS OF THE AGRICULTURAL COUNCIL ARE SCHEDULED FOR FEBRUARY 11-12 AND FEBRUARY 18-19. END SUMMARY:

2. FOLLOWING LARDINOIS' PRESENTATION OF THE COMMISSION'S 1974/75 PRICE PROPOSALS, THE MINISTERS GAVE THEIR INITIAL REACTION TO THESE PROPOSALS. SOME MINISTERS (E.G. THE BELGIAN AND DUTCH MINISTERS) QUESTIONED WHETHER THE PROPOSED PRICE INCREASE COULD OFFSET THE RECENT RISE IN FARM COSTS; OTHERS (E.G. THE BRITISH AND THE DANES) ASKED FOR LARGER INCREASES FOR INDIVIDUAL PRODUCTS BUT SEEMED AGREEABLE TO THE OVERALL PRICE INCREASES PROPOSED BY THE COMMISSION. THE FRENCH FAVORED A STRONG INCREASE IN THE PRICES OF LIVESTOCK BUT NO INCREASE IN GRAIN PRICES EXCEPT FOR CORN. MOST MINISTERS OPPOSED PRODUCTION CONTROLS ON MILK PRODUCTS. IT SHOULD BE NOTED THAT THE MINISTERS' PRONOUNCEMENTS ON THE ADEQUACY OF THE COMMISSION'S PRICE PROPOSALS WERE MADE WITH A VIEW TO THE FARM LOBBY. (PRACTICALLY ALL EUROPEAN FARM ORGANIZATIONS HAVE REJECTED THE COMMISSION'S PRICE PROPOSALS AS BEING TOTALLY INADEQUATE.)

3. IN ORDER TO ALLEVIATE THE SITUATION IN THE BEEF SECTOR AND, IN PARTICULAR, TO ACCOMMODATE FRENCH MINISTER OF AGRICULTURE CHIRAC (SEE REF A), THE COUNCIL AGREED ON A MODIFICATION OF THE BEEF INTERVENTION SYSTEM. THIS MODIFICATION WILL MAKE IT POSSIBLE FOR FRANCE AND (IF NECESSARY) OTHER MEMBER STATES TO PURCHASE WITHIN THE NEXT MONTHS BEEF ON THE OPEN MARKET AND THUS BOLSTER THE SAGGING BEEF PRICES. THE MODIFICATION OF THE BEEF INTERVENTION SYSTEM ENTAILS ALSO INTERVENTION MEASURES FOR BEEF CUTS WHICH SO FAR HAVE NOT BEEN ELIGIBLE FOR INTERVENTION. ALSO, THE COUNCIL AGREED TO ADVANCE THE BEGINNING OF THE BEEF AND DAIRY YEAR FROM APRIL 1 TO MARCH 1. THUS HIGHER BEEF PRICES, WHETHER THOSE PROPOSED BY THE COMMISSION OR STILL HIGHER ONES, WILL COME INTO EFFECT ONE MONTH EARLIER THAN SCHEDULED. THIS DECISION WAS ALSO TAKEN TO MEET FRENCH DEMANDS.

4. THE COUNCIL ADOPTED A REGULATION COVERING THE ANNUAL LEVY FREE QUOTA FOR FROZEN BEEF. THIS QUOTA INVOLVES A TOTAL VOLUME LIMITED OFFICIAL USE

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OF 34,000 MT, 22,000 MT OF WHICH ARE COVERED BY THE COMMUNITY'S GATT OBLIGATION. THE QUOTA FOR THE REMAINING 12,000 MT IS GRANTED AUTONOMOUSLY.

5. THE COUNCIL DECIDED TO CHANGE THE CONVERSION RATE BETWEEN THE UNIT OF ACCOUNT AND THE ITALIAN LIRA TO 1 U.A. EQUALS 712 LIRE. ORIGINALLY THE CONVERSION RATE WAS 1 U.A. EQUALS 625 LIRE, BUT EFFECTIVE NOVEMBER 1, 1973, AND THEN AGAIN JANUARY 1, 1974 THE

RATE HAS BEEN CHANGED RESPECTIVELY TO 1 U.A. EQUALS 650, AND 1 U.A. EQUALS 678 LIRE. THE EFFECT OF THESE DECISIONS IS TO RAISE THE ITALIAN SUPPORT PRICES FOR PRODUCTS SUBJECT TO THE CAP AND ALSO TO MAKE POSSIBLE THE EVENTUAL ABOLISHMENT OF THE MONETARY COMPENSATORY AMOUNTS APPLIED IN ITALY'S FARM TRADE. HOWEVER, THE RISE IN ITALIAN PRICES WILL NOT NECESSARILY APPLY TO ALL CAP PRODUCTS AT THE SAME TIME. WE WILL REPORT THE DETAILS OF THIS DECISION AS SOON AS THEY BECOME AVAILABLE.

6. FOLLOWING A STATEMENT BY THE ITALIAN DELEGATION ARGUING IN FAVOR OF A REDUCTION IN THE IMPORT CHARGES ON CORN GLUTEN USED FOR FEED, THE COUNCIL INSTRUCTED THE SPECIAL AGRICULTURAL COMMITTEE TO EXAMINE THIS QUESTION AND REPORT BACK TO THE COUNCIL AT THE NEXT MEETING.

7. THE COUNCIL DECIDED TO ALLOW GERMANY TO CONTINUE TO GRANT ITS FARMERS A THREE PERCENT VALUE ADDED TAX ABATEMENT IN COMPENSATION FOR THE 1969 REVALUATIONS OF THE DM. THE COUNCIL WILL REVIEW THIS SITUATION AGAIN BEFORE THE END OF 1974.

8. THE COUNCIL ALSO APPROVED A TARIFF QUOTA FOR INDIAN TOBACCO. (THIS MEASURE IS DESCRIBED IN REF B.)

9. THE COUNCIL TOOK A NUMBER OF MISCELLANEOUS DECISIONS WHICH WILL BE REPORTED SEPARATELY.

10. THE NEXT COUNCIL MEETINGS OF THE MINISTERS OF AGRICULTURE ARE SCHEDULED FOR FEBRUARY 11-12 AND FEBRUARY 18-19. GREENWALD

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